

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7754

BILL NUMBER: HB 1362

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: County drain maintenance funding.

FIRST AUTHOR: Rep. Bell

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill requires a maintenance report under the drainage law to include (1) the estimated remaining useful life of the drain; and (2) the total estimated cost of reconstructing the drain at the end of the useful life of the drain. It provides that in preparing the schedule of assessments, a drainage board may base the amount annually assessed against each tract of land for maintenance on the total estimated cost of reconstructing the drain divided equally over the estimated remaining useful life of the drain, if the useful life of the drain is 20 years or more. If a drainage maintenance fund has a balance in excess of the amount reasonably needed for maintenance work, the drainage board may use the balance to reduce the annual maintenance assessments for the drain. The bill provides that a person liable for the payment of a drainage assessment may elect to pay the assessment in equal installments over a period of not more than 20 years (rather than five years).

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The county surveyor's maintenance report must include the estimated remaining useful life of the drain and the total estimated cost of reconstructing the drain at the end of the useful life of the drain. This provision will increase administrative expenses for the county surveyor. It is assumed that the surveyor will be able to cover any additional expenses given existing resources.

When a county surveyor advises the board that in the county surveyor's opinion the maintenance fund has

a balance in excess of the amount reasonably needed for maintenance work in the foreseeable future, the board may use the balance to reduce the annual assessments for periodic maintenance of the drain. Currently, the board may transfer up to 75% of the money in the maintenance fund to a reconstruction fund that covers the same watershed as the maintenance fund from which the money is transferred. This provision will likely reduce revenue available for the reconstruction fund. The impact will vary from county to county.

Explanation of Local Revenues: When the drainage board receives the report, the board may base annual assessments against each tract of land on the total estimated cost of reconstructing the drain divided equally over the estimated remaining useful life of the drain, if the useful life of the drain is 20 years or more. Owners liable for the payment may elect to pay them in equal installments of at least \$50 per year, plus interest on the deferred payments, over a period of not more than 20 years. Under existing law, the owners have 5 years. This provision will reduce revenue in the drainage fund because payments into the fund will likely be reduced. The impact will vary from county to county.

State Agencies Affected:

Local Agencies Affected: County surveyors and county drainage boards.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.